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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/559,554	12/02/2005	Andrew T. Hecht	874.1005	5511
23280 7590 12/09/2008 Davidson, Davidson & Kappel, LLC 485 7th Avenue 14th Floor New York, NY 10018				
EXAMINER				
NGUYEN, NGA B				
ART UNIT		PAPER NUMBER		
3692				
MAIL DATE		DELIVERY MODE		
12/09/2008		PAPER		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/559,554

**Applicant(s)**

HECHT, ANDREW T.

**Examiner**

Nga B. Nguyen

**Art Unit**

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 02 December 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-16 and 52-55 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 and 52-55 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/S508)  
Paper No(s)/Mail Date 10/15/07; 7/25/08
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

**DETAILED ACTION**

1. This Office Action is the answer to the communication filed on December 2, 2005, which paper has been placed of record in the file.
2. Claims 1-16 and 52-55 are pending in this application.

***Information Disclosure Statement***

3. The information disclosure statements (IDS) submitted on October 15, 2007 and July 25, 2008 are in compliance with the provisions of 37 CFR 1.97. Accordingly, the information disclosure statement is being considered by the examiner.

***Claim Rejections - 35 USC § 101***

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-16 and 52-55 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In *re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-16 and 52-55 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101. Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

### ***Claim Rejections - 35 USC § 102***

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

7. Claims 1-3, 6-12, 15 and 16 are rejected under 35 U.S.C. 102(b) as being anticipated by Florance et al (hereinafter Florance), U.S. Patent Application Publication No. 2002/0065739.

Regarding to claim 1, Florance discloses a method for matching buy and sell orders, comprising the steps of:

maintaining a daily cash index of real estate values for a local region, said daily cash index based, at least in part, on one or more of absorption rates and capitalization rates (*paragraph [0105], the system supports derivatives for commercial real estate by providing sufficiently accurate market information that supports the creation of indexes and derivatives such as futures or hedge rental rates and occupancy rates; paragraph [0052], clients receives daily service updates on leasing marketplace, selling marketplace, decision support, tenant information, comparable sales information, property marketing, and industry news; Note: Daily updates of these services are inclusive of indexes which reflect such information as leasing information, selling information, decision support, tenant information, comparable sales information, and property marketing; paragraphs [0355]-[0357], [0443]-[0444] and figure 56, creating indexes based on absorption rates and capitalization rates*);

creating a trading instrument representative of an interest in real estate in the local region, wherein a cash settlement of the trading instrument is a function of the daily cash index on the date of said cash settlement (*paragraphs [0419]-[0423], after market price for each commodity listed in the database has been set, a class or classes of financial derivatives can be established and then a financial exchanging market for*

*those derivatives can be established; the characteristics of the derivatives would comprise a Lease Space Equivalent Unit which comprises: a common descriptive link between varied commodity types, contract length that runs from the date of the contract to the performance date of the commodity and a contract price);*

*generating a plurality of buy orders relating to the instrument (paragraph [0430], a request to purchase a particular derivative is entered into the system controller, a listing of derivatives available for sale or trade, within certain parameters, can be displayed prior so that a sale or trade request can be subsequently entered);*

*generating a plurality of sell orders relating to the instrument (paragraph [0430], a request to trade a particular derivative is entered into the system controller); and*

*matching the buy and sell orders to determine a purchase and sale of the instrument (paragraph [0430], the system controller attempts to seek a match between the derivative requested and derivatives available for sale or trade).*

*Regarding to claim 2, Florance further discloses wherein the trading instrument is a futures contract (paragraph [0430], a derivative is based on the value of all commercial real estate leases of a specified class in a specified area for a period ending on a particular date some time in the future).*

*Regarding to claim 3, Florance further discloses wherein the trading instrument is a forward contract (paragraph [0420], trading commodity such as commercial real estate).*

Regarding to claim 6, Florance further discloses wherein each day's daily cash index is generated as a function of a survey of actual real estate transactions executed on said day (*paragraphs [0038] and [0054], continuously updating the marketplace, each day, thousands of updates to the marketplace database are made*) .

Regarding to claim 7, Florance further discloses wherein the real estate transactions are real estate leases (*paragraph [0430], a derivative is based on the value of all commercial real estate leases*).

Regarding to claim 8, Florance further discloses wherein the daily cash index is calculated on a weighted average basis (*paragraph [0353], the average tenant size, the average lease term, the estimated average rent per square foot*).

Regarding to claim 9, Florance further discloses wherein the daily cash index is calculated on a moving average basis (*paragraph [0353], the estimated rollover in the next 12 months, the estimated rollover in the next 36 months*).

Regarding to claim 10, Florance further discloses wherein the daily cash index is calculated on an exponential moving average basis (*paragraph [0443], analyzing underlying trends in the covered markets*).

Regarding to claim 11, Florance further discloses wherein the daily cash index is weighted according to building classes, wherein the building classes include at least Class A building, Class B buildings, and Class C buildings (*paragraph [0420], the characteristics of the commodity includes a building class A, B, C*).

Regarding to claim 12, Florance further discloses wherein the daily cash index is aggregated on a monthly basis to provide a monthly index value (*paragraph [0334], the point increase or decrease in the last 12 months, the asking rental rates per square foot in a region or submarket inn monthly terms*).

Regarding to claim 15, Florance discloses a method for trading futures contracts in real estate, comprising the steps of:

a. maintaining a daily cash index of real estate values for a local region, said daily cash index based, at least in part, on one or more of absorption rates and capitalization rates (*paragraph [0105], the system supports derivatives for commercial real estate by providing sufficiently accurate market information that supports the creation of indexes and derivatives such as futures or hedge rental rates and occupancy rates; paragraph [0052], clients receives daily service updates on leasing marketplace, selling marketplace, decision support, tenant information, comparable sales information, property marketing, and industry news; Note: Daily updates of these services are inclusive of indexes which reflect such information as leasing information, selling information, decision support, tenant information, comparable sales information, and property marketing; paragraphs [0355]-[0357], [0443]-[0444] and figure 56, creating indexes based on absorption rates and capitalization rates*);

b. creating a futures contract representative of an interest in real estate in the local region, the futures contract having a settlement date, wherein a cash settlement of the futures contract is a function of the daily cash index on the settlement date



*(paragraphs [0419]-[0423], after market price for each commodity listed in the database has been set, a class or classes of financial derivatives can be established and then a financial exchanging market for those derivatives can be established; the characteristics of the derivatives would comprise a Lease Space Equivalent Unit which comprises: a common descriptive link between varied commodity types, contract length that runs from the date of the contract to the performance date of the commodity and a contract price; paragraph [0430], a derivative is based on the value of all commercial real estate leases of a specified class in a specified area for a period ending on a particular date some time in the future);*

*c. receiving a plurality of buy orders relating to the futures contract (paragraph [0430], a request to purchase a particular derivative is entered into the system controller, a listing of derivatives available for sale or trade, within certain parameters, can be displayed prior so that a sale or trade request can be subsequently entered);*

*d. receiving a plurality of sell orders relating to the futures contract (paragraph [0430], a request to trade a particular derivative is entered into the system controller);*

*e. matching the buy and sell orders to determine a purchase and sale of the futures contract (paragraph [0430], the system controller attempts to seek a match between the derivative requested and derivatives available for sale or trade).*

Regarding to claim 16, Florance further discloses wherein the daily cash index is aggregated on a monthly basis to provide a monthly index value *(paragraph [0334], the point increase or decrease in the last 12 months, the asking rental rates per square foot in a region or submarket in monthly terms).*

***Claim Rejections - 35 USC § 103***

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 4, 5, 13, 14 and 52-55 are rejected under 35 U.S.C. 103(a) as being unpatentable over Florance et al (hereinafter Florance), U.S. Patent Application Publication No. 2002/0065739.

Regarding to claims 4, 5, and 55, Florance does not disclose wherein the trading instrument is an option a futures contract and option on a forward contract. However, an option a futures contract and option on a forward contract is well known in the art of trading instrument in the exchange, e.g., NYSE and NASDAQ. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Florance's to include an option a futures contract and option on a forward contract in Florance's trading instrument, for the purpose of eliminating the risk in trading futures contract and forward contract.

Regarding to claim 13, Florance further discloses generating a volatility value of the daily cash index, said volatility value being a function of a historic performance of the daily cash index. However, generating a volatility value of the daily cash index, said

volatility value being a function of a historic performance of the daily cash index is well known in the art of trading instrument on an exchange. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Florance's to incorporate the well-known feature above, for the purpose of providing more efficiency in trading instrument.

Regarding to claim 14, Florance further discloses wherein the historic performance is a function of aggregated monthly values of the daily cash index over a plurality of years (*paragraph [0257], Market analytics analyzes transactions over a long period or time (e.g., ten years) to provide valuable historical performance data*).

Regarding to claim 52, Florance discloses a method for matching buy and sell orders, comprising the steps of:

maintaining a daily cash index of real estate for a local region, said daily cash index based, at least in part, on one or more of revenue per square foot and profit per square foot (*paragraph [0105], the system supports derivatives for commercial real estate by providing sufficiently accurate market information that supports the creation of indexes and derivatives such as futures or hedge rental rates and occupancy rates; paragraph [0052], clients receives daily service updates on leasing marketplace, selling marketplace, decision support, tenant information, comparable sales information, property marketing, and industry news; Note: Daily updates of these services are inclusive of indexes which reflect such information as leasing information, selling information, decision support, tenant information, comparable sales information, and property marketing; paragraphs [0355]-[0357], [0443]-[0444] and figure 56, creating*

*indexes based on absorption rates and capitalization rates; paragraph [0355], price/rate, price per square foot);*

creating a trading instrument representative of an interest in real estate occupancy (or vacancies) in the local region, wherein a cash settlement of the trading instrument is a function of the daily cash index on the date of said cash settlement (paragraphs [0419]-[0423], *after market price for each commodity listed in the database has been set, a class or classes of financial derivatives can be established and then a financial exchanging market for those derivatives can be established; the characteristics of the derivatives would comprise a Lease Space Equivalent Unit which comprises: a common descriptive link between varied commodity types, contract length that runs from the date of the contract to the performance date of the commodity and a contract price*);

generating a plurality of buy orders relating to the instrument (paragraph [0430], *a request to purchase a particular derivative is entered into the system controller, a listing of derivatives available for sale or trade, within certain parameters, can be displayed prior so that a sale or trade request can be subsequently entered*);

generating a plurality of sell orders relating to the instrument (paragraph [0430], *a request to trade a particular derivative is entered into the system controller*); and

matching the buy and sell orders to determine a purchase and sale of the instrument (paragraph [0430], *the system controller attempts to seek a match between the derivative requested and derivatives available for sale or trade*).

Florance does not disclose the real estate is hotel room and the daily cash index based, at least in part, on one or more of revenue per room and profit per room. However, Florance discloses *"Commercial Real Estate" means any real property, including, without limitation, office, retail, and industrial rental space, etc. (paragraph 0022)*. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Florance's to include "hotel room" in Florance's "Commercial Real Estate" above for the purpose of providing more efficiency in transactions involving in renting hotel room.

Regarding to claim 53, Florance further discloses wherein the trading instrument is a futures contract (*paragraph [0430], a derivative is based on the value of all commercial real estate leases of a specified class in a specified area for a period ending on a particular date some time in the future*).

Regarding to claim 54, Florance further discloses wherein the trading instrument is a forward contract (*paragraph [0420], trading commodity such as commercial real estate*).

### **Conclusion**

10. Claims **1-16 and 52-55** are rejected.
11. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is

(571) 272-6796. The examiner can normally be reached on Monday-Thursday from 9:00AM-6:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702.

12. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

P.O. Box 1450

Alexandria, VA 22313-1450

Or faxed to:

(571) 273-8300 (for formal communication intended for entry),

or

(571) 273-6796 (for informal or draft communication, please label "PROPOSED" or "DRAFT").

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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/Nga B. Nguyen/

Primary Examiner, Art Unit 3692

December 4, 2008